

**Saulteaux First Nation**  
**Consolidated Financial Statements**  
*March 31, 2014*

**Management's Responsibility**

**Independent Auditors' Report**

**Consolidated Financial Statements**

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## Management's Responsibility

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To the Members of Saulteaux First Nation:

The accompanying consolidated financial statements of Saulteaux First Nation are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chief and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the Chief and Council to audit the consolidated financial statements and report directly to the Members of Saulteaux First Nation; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Chief and Council and management to discuss their audit findings.

July 25, 2014

signed - Sarah Gopher      Management

## Independent Auditors' Report

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To the Members of Saulteaux First Nation:

We have audited the accompanying consolidated financial statements of Saulteaux First Nation, which comprise the consolidated statement of financial position as at 2014, and the consolidated statements of operations and accumulated surplus, changes in net debt, cash flows, and the related schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Saulteaux First Nation as at March 31, 2014 and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Saskatoon, Saskatchewan

July 25, 2014

**MNP LLP**  
Chartered Accountants

**Saulteaux First Nation**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2014*

	2014	2013 <i>(As restated - Note 18)</i>
<b>Financial assets</b>		
<b>Current</b>		
Cash resources	273,848	331,899
Accounts receivable <i>(Note 3)</i>	189,325	1,148,106
Restricted cash <i>(Note 4)</i>	485,444	1,243,070
<b>Subtotal of current assets</b>	<b>948,617</b>	<b>2,723,075</b>
<b>Funds held in trust <i>(Note 5)</i></b>	<b>272,166</b>	<b>269,934</b>
<b>Restricted cash <i>(Note 6)</i></b>	<b>180,040</b>	<b>163,335</b>
<b>Total financial assets</b>	<b>1,400,823</b>	<b>3,156,344</b>
<b>Liabilities</b>		
<b>Current</b>		
Bank indebtedness <i>(Note 7)</i>	79,523	42,333
Accounts payable and accruals	694,945	1,369,727
Deferred revenue <i>(Note 8)</i>	316,059	1,116,267
Current portion of long-term debt <i>(Note 9)</i>	160,962	111,658
<b>Subtotal of current liabilities</b>	<b>1,251,489</b>	<b>2,639,985</b>
<b>Long-term debt <i>(Note 9)</i></b>	<b>4,331,371</b>	<b>4,415,085</b>
<b>Total financial liabilities</b>	<b>5,582,860</b>	<b>7,055,070</b>
<b>Net debt</b>	<b>(4,182,037)</b>	<b>(3,898,726)</b>
<b>Contingencies <i>(Note 10)</i></b>		
<b>Non-financial assets</b>		
Tangible capital assets <i>(Schedule 1)</i>	24,787,399	23,178,205
Prepaid expenses	75,402	43,815
<b>Total non-financial assets</b>	<b>24,862,801</b>	<b>23,222,020</b>
<b>Accumulated surplus <i>(Note 11)</i></b>	<b>20,680,764</b>	<b>19,323,294</b>

Approved on behalf of the chief and council

signed - Leo Moccasin Jr.      Chief

signed - Oscar Gopher      Councillor

**Saulteaux First Nation**  
**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2014*

	<b>2014 Budget Note 13</b>	<b>2014 Actual</b>	<b>2013 Actual (As restated - Note 18)</b>
<b>Revenues</b>			
Aboriginal Affairs and Northern Development Canada (Note 12)	3,474,852	5,686,529	5,779,854
Forfeited AANDC funding	(2,271)	(215,035)	(140,779)
First Nations and Inuit Health Branch	1,018,026	1,092,150	1,044,543
Forfeited FNIHB funding	-	(6,491)	(14,513)
Canada Mortgage and Housing Corporation	85,327	132,693	123,290
First Nations Trust	474,993	472,984	474,993
Battlefords Agency Tribal Chiefs	150,749	324,755	366,942
Lease income	-	318,580	255,991
Saskatchewan Indian Training Assessment Group (SITAG)	169,879	197,875	112,928
Other	307,178	180,268	215,214
First Nation and Inuit Child Care (FNICC)	126,129	85,698	96,303
Interest income	-	7,077	4,774
Canada Mortgage and Housing Corporation - RRAP	-	-	23,697
	<b>5,804,862</b>	<b>8,277,083</b>	<b>8,343,237</b>
<b>Program expenses</b>			
Band Support	256,245	451,351	165,343
Capital	-	778,594	568,594
Community Infrastructure	348,211	687,664	736,211
Economic Development	63,173	67,089	70,689
Education	2,204,330	2,328,094	2,821,869
Health	1,034,431	1,042,332	1,035,749
Other Project Revenue	1,113,246	1,484,170	1,556,983
Social Development	376,443	81,319	218,833
<b>Total expenses</b>	<b>5,396,079</b>	<b>6,920,613</b>	<b>7,174,271</b>
<b>Surplus before other items</b>	<b>408,783</b>	<b>1,356,470</b>	<b>1,168,966</b>
<b>Other income (expense)</b>			
Loss on disposal of capital assets	-	(1,500)	(17,771)
Insurance proceeds	-	2,500	106,747
	-	1,000	88,976
<b>Annual surplus</b>	<b>408,783</b>	<b>1,357,470</b>	<b>1,257,942</b>
<b>Accumulated operating surplus, beginning of year</b>	<b>13,194,632</b>	<b>19,323,294</b>	<b>18,065,352</b>
<b>Accumulated operating surplus, end of year</b>	<b>13,603,415</b>	<b>20,680,764</b>	<b>19,323,294</b>

**Saulteaux First Nation**  
**Consolidated Statement of Changes in Net Debt**  
*For the year ended March 31, 2014*

	<b>2014 Budget Note 13</b>	<b>2014 Actual</b>	<b>2013 Actual</b>
<b>Annual surplus</b>	<b>408,783</b>	<b>1,357,470</b>	<b>1,257,942</b>
Acquisition of tangible capital assets	-	<b>(2,616,478)</b>	(2,367,329)
Amortization of tangible capital assets	-	<b>1,001,782</b>	986,205
Loss on sale of tangible capital assets	-	<b>1,500</b>	17,771
Proceeds of disposal of tangible capital assets	-	<b>4,002</b>	-
	-	<b>(1,609,194)</b>	(1,363,353)
Acquisition of prepaid expenses	-	<b>(75,400)</b>	(43,815)
Use of prepaid expenses	-	<b>43,813</b>	8,496
	-	<b>(31,587)</b>	(35,319)
<b>Decrease (increase) in net debt</b>	<b>408,783</b>	<b>(283,311)</b>	<b>(140,730)</b>
<b>Net debt, beginning of year</b>	<b>(3,757,996)</b>	<b>(3,898,726)</b>	<b>(3,757,996)</b>
<b>Net debt, end of year</b>	<b>(3,349,213)</b>	<b>(4,182,037)</b>	<b>(3,898,726)</b>

*The accompanying notes are an integral part of these financial statements*

**Saulteaux First Nation**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2014*

	2014	2013
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Annual surplus	1,357,470	1,257,942
Non-cash items		
Amortization	1,001,782	986,205
Loss on disposal of capital assets	1,500	17,771
	2,360,752	2,261,918
Changes in working capital accounts		
Accounts receivable	958,781	(706,733)
Prepaid expenses	(31,587)	(35,319)
Restricted cash	757,626	(995,390)
Accounts payable and accruals	(674,783)	581,890
Deferred revenue	(800,208)	873,004
	2,570,581	1,979,370
<b>Financing activities</b>		
Advances of long-term debt	122,320	479,827
Repayment of long-term debt	(156,730)	(184,035)
Increase (decrease) in bank indebtedness	37,191	(224,114)
Increase in funds held in trust	(2,232)	(10,765)
Transfer to restricted cash	(16,705)	(8,859)
	(16,156)	52,054
<b>Capital activities</b>		
Acquisition of tangible capital assets	(2,616,478)	(2,367,329)
Proceeds of disposal of tangible capital assets	4,002	-
	(2,612,476)	(2,367,329)
<b>Decrease in cash resources</b>	(58,051)	(335,905)
<b>Cash resources, beginning of year</b>	331,899	667,804
<b>Cash resources, end of year</b>	273,848	331,899
<b>Supplementary cash flow information</b>		
Interest paid	103,231	99,316



**1. Operations**

The Saulteaux First Nation (the "First Nation") is located in the province of Saskatchewan, and provides various services to its members. Saulteaux First Nation financial reporting entity includes all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

**2. Significant accounting policies**

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

***Reporting entity***

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business entities. Trusts administered on behalf of third parties by Saulteaux First Nation are excluded from the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Saulteaux First Nation;
- Saulteaux First Nation CMHC Housing;
- Soto Land Company Limited;
- Auski Land Corporation; and,
- Cochin Convenience Centre.

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

**Other economic interests**

The First Nation does not either share in the control or the profit or loss of the following entities. As a result, the financial statements of the following entities have not been consolidated or proportionately consolidated with the financial statements of Saulteaux First Nation.

- The First Nation is a member of the Battlefords Agency Tribal Chiefs (BATC). The BATC is an organization of six Nations. The BATC is mandated to enhance the services provided to the member Nations.
- The First Nation is a member of the Kanawayimik Child and Family Services Inc. (KC&FS). KC&FS is an organization of four Nations. The mandate of KC&FS is to provide child and family protection and prevention services on reserve to the four member Nations.

***Basis of presentation***

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

***Restricted Cash***

Restricted cash consists of funds held in a project bank account for specific capital projects. Long-term restricted cash consists of funds held in the CMHC replacement reserve bank account; the CMHC replacement reserve is used to pay eligible expenditures of the CMHC units.

**2. Significant accounting policies** *(Continued from previous page)*

**Tangible capital assets**

Tangible capital assets are initially recorded at cost. Contributed tangible assets are recorded at their fair value at the date of contribution.

**Amortization**

Amortization for tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	Rate
	3 - 4 %
Band housing	4 - 5 %
CMHC housing	4 %
Water and sewer	2 - 10 %
Roads	2 - 10 %
Land improvements	3 - 10 %
Vehicles and equipment	7 - 20 %
Computer hardware and software	17 - 25 %

Projects under construction are not amortized until they are put into use.

**Funds held in Ottawa Trust Fund**

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions, the sale of land or other First Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Revenues from trust moneys are recognized when measurable, earned and collection is reasonably assured. These moneys are reported on by the Government of Canada.

**Long-lived assets**

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using prices for similar items. Any impairment is included in surplus for the year.

**Asset classification**

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

**Net debt**

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its financial assets less its liabilities. Net debt is comprised of two components, non-financial assets and accumulated surplus.

**2. Significant accounting policies** *(Continued from previous page)*

**Revenue recognition**

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Rental and lease revenue is recognized over the rental/lease term. Other revenues are earned from other services provided by the First Nation and are recognized when the service has been provided.

**Use of estimates**

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

**Segments**

The First Nation conducts its business through 9 reportable segments: Band Support, Capital, Community Infrastructure, Economic Development, Education, Health, Other Project Revenue, Social Development and Ottawa Trust Funds. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Administration fees have been apportioned based on a percentage of budgeted revenue, where permitted by the funder.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the significant accounting policies.

**Recent accounting pronouncements**

**Government transfers**

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

**Financial instruments**

In June 2011, the Public Sector Accounting Board (PSAB) issued PS 3450 Financial Instruments to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. As a result of issuance of PS 3450, there have been numerous consequential amendments made to other Sections. PS 3450 is effective for fiscal years beginning on or after April 1, 2016. In the period that a public sector entity applies PS 3450, it also applies PS 1201, PS 2601 and PS 3041. Early adoption is permitted.

PS 3450 is applied prospectively in the fiscal year of initial adoption; therefore, financial statements of prior periods, including comparative information are not restated. The First Nation has not yet determined the effect of these new standards on its financial statements.

**Saulteaux First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

**3. Accounts receivable**

	<b>2014</b>	<b>2013</b>
Aboriginal Affairs and Northern Development Canada (AANDC)	<b>84,721</b>	904,008
Other	<b>45,223</b>	109,327
Battlefords Agency Tribal Chiefs (BATC)	<b>39,523</b>	83,812
Membership advances	<b>13,876</b>	5,004
Canada Mortgage and Housing Corporation (CMHC)	<b>11,086</b>	11,043
First Nations and Inuit Health Branch (FNIHB)	<b>-</b>	34,912
	<b>194,429</b>	1,148,106
Allowance for doubtful accounts	<b>(5,104)</b>	-
	<b>189,325</b>	1,148,106

**4. Restricted cash**

	<b>2014</b>	<b>2013</b>
Capital projects	<b>485,444</b>	1,243,070

Restricted cash consists of cash managed by a capital project manager who is responsible for payment of expenses relating to capital projects funded by AANDC.

**Saulteaux First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

**5. Funds held in trust**

Capital and revenue trust moneys are transferred to the First Nation on the authorization of the Minister of Aboriginal Affairs and Northern Development Canada, with the consent of the First Nation's Council.

	<b>2014</b>	<b>2013</b>
<b>Capital Trust</b>		
Balance, beginning and end of year	<b>18,100</b>	18,100
<b>Revenue Trust</b>		
Balance, beginning of year	<b>251,834</b>	241,069
Interest	<b>7,077</b>	4,774
Land leases	<b>318,580</b>	255,991
	<b>577,491</b>	501,834
Less: Transfers to Nation	<b>323,425</b>	250,000
Balance, end of year	<b>254,066</b>	251,834
	<b>272,166</b>	269,934

Date and No. of BCR	Date Funds Released to First Nation	Balance Beginning of Year	Amount Received from Trust Fund	Actual Amount Spent	Balance End of Year	Purpose for Release of Funds
347-05-07-13	August 20, 2013	-	243,425	243,425	-	See Sub-Note 1
347-16-01-14	January 29, 2014	-	80,000	80,000	-	See Sub-Note 2
			<b>323,425</b>	<b>323,425</b>		

Sub-Note 1: Construction of house, major renovations, minor renovations, windows/doors/steps/decks, roof material, and fencing. See Schedule 5, Capital - contracted services and supplies and Schedule 3, Band Support - contracted services and repairs and maintenance.

Sub-Note 2: Emergency repairs and plumbing/heating/sewer repairs. See Schedule 5, Capital - contracted services and supplies.

**6. Restricted cash - long-term**

	<b>2014</b>	<b>2013</b>
CMHC replacement reserve	<b>180,040</b>	163,335

Long-term restricted cash funds held in the CMHC replacement reserve bank account are to be used to pay eligible expenditures of the CMHC housing units.

**7. Bank indebtedness**

Bank indebtedness represents cash on deposit less outstanding cheques.

**Saulteaux First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

**8. Deferred revenue**

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Amount recognized as revenue</i>	<i>Balance, end of year</i>
Water treatment plant -AANDC	1,116,267	1,461,500	2,261,708	316,059

**9. Long-term debt**

The following loans are secured by government guarantees, and relate to the construction of on reserve housing. The First Nation receives a subsidy from Canada Mortgage and Housing Corporation to assist with the payment of principal and interest on the following mortgages:

<i>CMHC Phase</i>	<i>Monthly Payment Including Interest</i>	<i>Interest Rate</i>	<i>Renewal Date</i>	<b>2014</b>	<b>2013</b>
I	2,073	3.89%	May 1, 2014	95,588	116,330
II	1,531	3.89%	December 1, 2018	79,770	94,580
III	208	4.79%	September 1, 2016	5,838	7,984
IV	2,449	2.61%	September 1, 2014	466,067	483,110
V	1,499	2.87%	December 1, 2014	224,681	236,085
VI	3,012	1.49%	January 1, 2017	562,494	508,618
VII	1,826	1.60%	January 1, 2018	355,930	331,518
				<b>1,790,368</b>	<b>1,778,225</b>
Peace Hills Trust - debt agreement; secured by a Direction to Pay passed by a Band Council Resolution and assignment of First Nations Trust Funds; repayable at \$108,742 annually including interest at 3.5%; matures April 2037.				<b>1,701,965</b>	<b>1,748,518</b>
Peace Hills Trust - oil and gas; secured by a Direction to Pay passed by a Band Council Resolution; repayment annually in May at 25% of the previous year oil and gas revenue; matures May 2037.				<b>1,000,000</b>	<b>1,000,000</b>
				<b>4,492,333</b>	<b>4,526,743</b>
Less: current portion				<b>160,962</b>	<b>111,658</b>
				<b>4,331,371</b>	<b>4,415,085</b>

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

2015	160,962
2016	165,739
2017	169,366
2018	173,649
2019	153,493

In 2007, the First Nation negotiated a writedown of its long-term debt with Peace Hills Trust to \$3,000,000. The terms of the re-negotiated agreement refinanced the original obligation by creating two new loans, one at \$2,000,000 and one at \$1,000,000. At March 31, 2014 these loans were outstanding in the amount of \$1,701,965 and \$1,000,000 respectively.

**9. Long-term debt** *(Continued from previous page)*

The renegotiated loan agreements remain in effect provided Saulteaux does not major default (as defined in the agreement dated April 10, 2007) on its obligations to the contract. Should major default occur, the loan would become due immediately and would be recomputed based on the original loan agreement without considering the amendment in 2007. At March 31, 2014, the terms of the original loan agreement would result in an additional obligation of \$6,173,988 for a total indebtedness to Peace Hills Trust of \$8,875,953.

Saulteaux First Nation did not receive any oil and gas revenue in the current year or the previous year.

**10. Contingencies**

These financial statements are subject to review by the First Nation's funding agents. It is possible that adjustments could be made based on the results of their reviews.

The First Nation has been named as a defendant in a breach of contract lawsuit. This lawsuit remains at an early stage, and as litigation is subject to many uncertainties, it is not possible to predict the ultimate outcome of this lawsuit or to estimate the loss, if any, which may result. If any liability should result it will be recorded in the period it is settled.

**Saulteaux First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

**11. Accumulated surplus**

Accumulated surplus consists of the following:

	2014	2013
Equity in funds held in trust		
Balance, beginning of year	269,934	259,169
Contributions	325,657	260,765
Withdrawals	(323,425)	(250,000)
	<b>272,166</b>	269,934
Equity in CMHC reserves		
Balance, beginning of year	239,098	221,069
Allocation	33,055	26,859
Withdrawals	(24,450)	(8,830)
	<b>247,703</b>	239,098
Equity in tangible capital assets		
Balance, beginning of year	21,399,980	20,420,606
Acquisition of tangible capital assets	2,616,478	2,367,329
Advances of long-term debt	(122,320)	(479,827)
Repayment of long-term debt	110,177	95,848
Amortization	(1,001,782)	(986,205)
Proceeds on disposal of tangible capital assets	(4,002)	-
Loss on disposal	(1,500)	(17,771)
	<b>22,997,031</b>	21,399,980
Unrestricted deficit		
Balance, beginning of year	(2,585,718)	(2,835,492)
Transfer to equity in funds held in trust	(2,232)	(10,765)
Transfer to equity in CMHC reserves	(8,605)	(18,029)
Transfer of equity in tangible capital assets	(1,597,051)	(979,374)
Current surplus	1,357,470	1,257,942
	<b>(2,836,136)</b>	(2,585,718)
	<b>20,680,764</b>	19,323,294

The First Nation does not have a moveable capital asset reserve.



**Saulteaux First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

**12. Aboriginal Affairs and Northern Development Canada reconciliation**

AANDC funding per confirmation	4,833,851
Add:	
Water treatment plant upgrade 2013 deferred revenue recognized	1,116,267
Fire Protection O&M Funding	43,828
Band employee benefits - year end reconciliation	8,642
Subtract:	
Deferred revenue - water treatment plant upgrade	(316,059)
Band employee benefits - year end reconciliation	-
<b>Total funding per consolidated financial statements</b>	<b>5,686,529</b>

**13. Budget information**

The disclosed budget information was approved by the Chief and Council of the Saulteaux First Nation on April 30, 2012.

The budget process followed by management only includes activities managed directly by the First Nation. Management does not prepare a budget for capital projects administered through third party project managers. As such no amounts have been included in the annual budget of the First Nation for the water treatment plant project. Included in the Capital segment is \$2,261,708 of revenue and \$2,261,708 of capital construction costs related to the water treatment plant project which is not included in management's disclosed budget figures for the Capital segment.

**14. Economic dependence**

Saulteaux First Nation receives a significant portion of its revenues from the Government of Canada as a result of Treaties entered into with the Crown in Right of Canada. These Treaties are administered by Aboriginal Affairs and Northern Development Canada under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these Treaties.

Due to certain deficiencies in its operating fund position, the First Nation is also party to a Management Action Plan agreement with Aboriginal Affairs and Northern Development Canada that will expire when certain financial indicators are met by the First Nation. Under the terms of the agreement, funding can be suspended if the First Nation does not comply with the terms of the Management Action Plan agreement.

**15. Related party transactions**

Saulteaux First Nation's social development program is administered by Battlefords Agency Tribal Chiefs (BATC). The activities of the social development program are not recorded in the First Nation's consolidated financial statements because the First Nation cannot access or direct the use of these funds, and is not responsible for any program deficits. BATC now reports on the activities pertaining to the delivery of these services to the membership of the First Nation. BATC will continue to administer Saulteaux's social development program under the terms of BATC's Social Aggregation Project until March 31, 2015.

**16. Canada Mortgage and Housing Corporation reserves**

Under agreements with CMHC the First Nation has established the following:

A replacement reserve, established to ensure replacement of capital equipment and for major repairs to the housing units requires an annual cash allocation to the reserve. At March 31, 2014, \$197,306 (2013 - \$192,332) is required to be on deposit to fund this reserve. At March 31, 2014 the replacement reserve is underfunded \$17,266 (2013 - \$28,997).

An operating surplus reserve established for housing units under the Post 1997 Fixed Subsidy Program require surpluses to be retained in cash to offset future operating losses. At March 31, 2014 \$50,397 (2013 - \$43,447) is required to be on deposit to fund this reserve. At March 31, 2014 the operating surplus reserve is underfunded \$50,397 (2013 - \$43,447).

**17. Segments**

The First Nation has 9 reportable segments. These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

**Band Support** - includes administration and governance activities.

**Capital** - reports on capital projects.

**Community Infrastructure** - includes activities for the maintenance of the First Nation's buildings and infrastructure.

**Economic Development** - reports on the First Nation's economic development activities.

**Education** - includes the operations of education programs.

**Health** - includes the administration and delivery of the health programs.

**Other Project Revenue** - other programs not funded by AANDC or Health Canada.

**Ottawa Trust Funds** - reports revenues allocated to the fund and transfers to other segments.

**Social Development** - includes the operations and delivery of social programs.

Details of the segment revenues and expenses are provided in the accompanying schedules. There are no revenues or expenses that have not been allocated to a segment.

**18. Correction of an error**

During the year, the First Nation completed the process of valuing the 25,492 acres of land acquired for the benefit of the members of Saulteaux First Nation acquired in prior years. The lands were acquired through the Saulteaux Treaty Land Entitlement Trust. Inclusion of these lands is required by Canadian public sector accounting standards. For 2014 and 2013 the impact of this correction has resulted in an increase of \$6,128,663 to tangible capital assets and an increase to accumulated surplus.

**19. Comparative figures**

Certain comparative figures have been reclassified to conform with current year's presentation.

**Saulteaux First Nation**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2014*

	<b>Buildings</b>	<b>Band housing</b>	<b>CMHC housing</b>	<b>Water and sewer</b>	<b>Roads</b>	<b>Land and land improvements</b>	<b>Subtotal</b>
<b>Cost</b>							
Balance, beginning of year	10,436,057	5,958,904	5,217,111	8,294,156	933,007	6,384,846	37,224,081
Acquisition of tangible capital assets	33,077	153,496	-	-	-	15,300	201,873
Construction-in-progress	27,415	-	-	-	-	-	27,415
Disposal of tangible capital assets	-	-	-	-	-	-	-
<b>Balance, end of year</b>	<b>10,496,549</b>	<b>6,112,400</b>	<b>5,217,111</b>	<b>8,294,156</b>	<b>933,007</b>	<b>6,400,146</b>	<b>37,453,369</b>
<b>Accumulated amortization</b>							
Balance, beginning of year	5,064,767	4,697,671	2,231,345	3,918,541	532,956	129,169	16,574,449
Annual amortization	269,505	145,629	208,684	223,783	21,768	13,429	882,798
Accumulated amortization on disposals	-	-	-	-	-	-	-
<b>Balance, end of year</b>	<b>5,334,272</b>	<b>4,843,300</b>	<b>2,440,029</b>	<b>4,142,324</b>	<b>554,724</b>	<b>142,598</b>	<b>17,457,247</b>
<b>Net book value of tangible capital assets</b>	<b>5,162,277</b>	<b>1,269,100</b>	<b>2,777,082</b>	<b>4,151,832</b>	<b>378,283</b>	<b>6,257,548</b>	<b>19,996,122</b>
2013 Net book value of tangible capital assets	5,371,290	1,317,168	2,957,248	4,375,614	400,051	6,255,678	20,677,049

**Saulteaux First Nation**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
For the year ended March 31, 2014

	Subtotal	Vehicles and equipment	Computer hardware and software	Projects under construction	2014	2013
<b>Cost</b>						
Balance, beginning of year	37,224,081	774,303	102,046	2,108,172	40,208,602	37,935,421
Acquisition of tangible capital assets	201,873	128,074	24,823	2,261,708	2,616,478	2,367,329
Construction-in-progress	27,415	-	-	(27,415)	-	-
Disposal of tangible capital assets	-	(27,500)	-	-	(27,500)	(94,146)
Balance, end of year	37,453,369	874,877	126,869	4,342,465	42,797,580	40,208,604
<b>Accumulated amortization</b>						
Balance, beginning of year	16,574,449	374,346	81,604	-	17,030,399	16,120,569
Annual amortization	882,798	104,870	14,114	-	1,001,782	986,205
Accumulated amortization on disposals	-	(22,000)	-	-	(22,000)	(76,375)
Balance, end of year	17,457,247	457,216	95,718	-	18,010,181	17,030,399
<b>Net book value of tangible capital assets</b>	<b>19,996,122</b>	<b>417,661</b>	<b>31,151</b>	<b>4,342,465</b>	<b>24,787,399</b>	<b>23,178,205</b>
2013 Net book value of tangible capital assets	20,677,049	399,957	20,442	2,080,757	23,178,205	

**Saulteaux First Nation**  
**Schedule 2 - Consolidated Schedule of Expenses by Object**  
*For the year ended March 31, 2014*

	<b>2014 Budget Note 13</b>	<b>2014 Actual</b>	<b>2013 Actual</b>
Salaries and benefits	2,379,627	2,470,876	2,606,796
Amortization	-	1,001,782	986,205
Contracted services	565,165	852,464	806,868
Supplies	398,347	597,457	433,515
Membership assistance	300,470	280,241	208,550
Insurance	138,100	236,189	191,087
Professional fees	114,771	211,472	132,896
Travel	248,278	191,219	205,115
Utilities	235,636	175,070	178,686
Living allowance	220,851	168,995	256,610
Repairs and maintenance	175,919	157,861	129,277
Interest on long-term debt	50,104	103,231	99,317
Activities	51,588	81,249	95,162
Training	50,392	74,017	67,308
Telephone	69,635	69,980	62,525
Vehicle	67,557	61,342	54,985
Tuition	170,000	90,845	578,984
Honouraria	29,025	48,767	52,954
Equipment lease	5,875	19,809	23,316
Bank charges and interest	118,864	11,959	12,685
Administration - inter program	(5,759)	5,913	(13,200)
Bad debts	-	5,104	-
Advertising	5,434	3,735	2,924
Fees and registration	6,200	1,036	1,706
	<b>5,396,079</b>	<b>6,920,613</b>	<b>7,174,271</b>

**Saulteaux First Nation  
Band Support**

**Schedule 3 - Consolidated Schedule of Revenue and Expenses and Surplus (Deficit)**

*For the year ended March 31, 2014*

	<b>2014 Budget Note 13</b>	<b>2014 Actual</b>	<b>2013 Actual</b>
<b>Revenue</b>			
Aboriginal Affairs and Northern Development Canada	569,923	587,328	521,274
Other	-	12,776	101,010
	<b>569,923</b>	<b>600,104</b>	<b>622,284</b>
<b>Expenses</b>			
Salaries and benefits	243,491	308,869	308,785
Professional fees	93,271	199,469	125,896
Contracted services	234,478	186,573	180,322
Supplies	22,500	64,210	28,126
Travel	34,386	25,921	27,488
Utilities	-	23,152	-
Honouraria	11,000	22,074	8,096
Vehicle	-	19,746	-
Repairs and maintenance	7,500	15,347	7,664
Telephone	12,900	11,196	33,323
Bank charges and interest	8,425	10,387	11,310
Bad debts	-	5,104	-
Equipment lease	5,875	4,130	5,959
Advertising	5,434	3,504	2,924
Training	5,573	3,115	6,675
Activities	-	648	-
Amortization	-	512	512
Administration - inter program	(428,588)	(452,606)	(581,737)
	<b>256,245</b>	<b>451,351</b>	<b>165,343</b>
<b>Surplus before other items</b>	<b>313,678</b>	<b>148,753</b>	<b>456,941</b>
<b>Other expense</b>			
Loss on disposal of capital assets	-	(1,500)	-
<b>Surplus before transfers</b>	<b>313,678</b>	<b>147,253</b>	<b>456,941</b>
<b>Transfers between programs</b>	<b>-</b>	<b>22,425</b>	<b>-</b>
<b>Surplus</b>	<b>313,678</b>	<b>169,678</b>	<b>456,941</b>

**Saulteaux First Nation  
Capital**

**Schedule 4 - Consolidated Schedule of Revenue and Expenses and Surplus (Deficit)**

*For the year ended March 31, 2014*

	<b>2014 Budget Note 13</b>	<b>2014 Actual</b>	<b>2013 Actual</b>
<b>Revenue</b>			
Aboriginal Affairs and Northern Development Canada	255,322	2,552,030	1,917,318
<b>Expenses</b>			
Amortization	-	337,494	308,028
Contracted services	-	152,911	38,099
Supplies	-	185,373	76,123
Insurance	-	102,782	83,138
Travel	-	34	4,084
Salaries and benefits	-	-	27,240
Administration - inter program	-	-	29,032
Repairs and maintenance	-	-	2,850
	-	778,594	568,594
<b>Surplus before other items</b>	<b>255,322</b>	<b>1,773,436</b>	<b>1,348,724</b>
<b>Other income (expense)</b>			
Loss on disposal of capital assets	-	-	(9,671)
Insurance proceeds	-	-	103,243
<b>Surplus before transfers</b>	<b>255,322</b>	<b>1,773,436</b>	<b>1,442,296</b>
<b>Transfers between programs</b>	<b>-</b>	<b>303,232</b>	<b>100,000</b>
<b>Surplus</b>	<b>255,322</b>	<b>2,076,668</b>	<b>1,542,296</b>

**Saulteaux First Nation**  
**Community Infrastructure**  
**Schedule 5 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2014*

	<i>2014 Budget Note 13</i>	<i>2014 Actual</i>	<i>2013 Actual</i>
<b>Revenue</b>			
Government funding			
Aboriginal Affairs and Northern Development Canada	315,131	340,870	300,019
Forfeited AANDC funding	-	-	(2,332)
Other	16,800	-	19,846
	<b>331,931</b>	<b>340,870</b>	<b>317,533</b>
<b>Expenses</b>			
Amortization	-	294,163	293,034
Contracted services	109,338	113,386	152,012
Insurance	900	85,113	22,190
Salaries and benefits	59,475	71,202	68,058
Utilities	78,521	32,118	62,092
Administration - inter program	33,128	29,595	6,128
Supplies	53,720	23,058	34,522
Travel	223	16,061	15,634
Repairs and maintenance	6,906	10,461	47,472
Vehicle	6,000	9,701	32,341
Telephone	-	2,806	2,728
	<b>348,211</b>	<b>687,664</b>	<b>736,211</b>
<b>Transfers between programs</b>	-	-	150,000
<b>Deficit</b>	<b>(16,280)</b>	<b>(346,794)</b>	<b>(268,678)</b>



**Saulteaux First Nation**  
**Economic Development**

**Schedule 6 - Consolidated Schedule of Revenue and Expenses and Surplus (Deficit)**  
*For the year ended March 31, 2014*

	<b>2014 Budget Note 13</b>	<b>2014 Actual</b>	<b>2013 Actual</b>
<b>Revenue</b>			
Battlefords Agency Tribal Chiefs	42,774	54,776	48,741
Other	16,330	19,000	10,000
	<b>59,104</b>	<b>73,776</b>	<b>58,741</b>
<b>Expenses</b>			
Interest on long-term debt	50,104	62,189	64,218
Membership assistance	4,000	4,000	597
Administration - inter program	4,069	900	4,874
Insurance	5,000	-	-
Contracted services	-	-	1,000
	<b>63,173</b>	<b>67,089</b>	<b>70,689</b>
<b>Surplus (deficit)</b>	<b>(4,069)</b>	<b>6,687</b>	<b>(11,948)</b>

# Saulteaux First Nation

## Education

### Schedule 7 - Consolidated Schedule of Revenue and Expenses and Surplus (Deficit)

For the year ended March 31, 2014

	2014 Budget Note 13	2014 Actual	2013 Actual
<b>Revenue</b>			
Aboriginal Affairs and Northern Development Canada	1,975,820	2,206,301	3,041,244
Forfeited AANDC funding	-	(215,035)	(17,032)
Other	39,853	22,852	11,215
	<b>2,015,673</b>	<b>2,014,118</b>	<b>3,035,427</b>
<b>Expenses</b>			
Salaries and benefits	1,007,090	1,178,087	1,111,546
Contracted services	201,520	251,546	246,947
Administration - inter program	162,098	210,665	304,902
Living allowance	220,851	168,995	256,610
Supplies	59,750	119,551	44,363
Utilities	142,000	99,757	98,105
Repairs and maintenance	120,227	76,049	32,803
Activities	36,452	64,312	40,990
Tuition	150,000	66,415	578,984
Membership assistance	20,585	16,193	37,554
Amortization	-	15,301	16,213
Telephone	11,500	12,123	12,088
Equipment lease	-	12,059	12,305
Travel	12,200	9,979	4,570
Honouraria	7,000	9,051	4,313
Training	3,000	8,679	6,410
Insurance	16,000	5,617	8,523
Vehicle	29,057	3,715	2,937
Fees and registration	5,000	-	1,706
	<b>2,204,330</b>	<b>2,328,094</b>	<b>2,821,869</b>
<b>Surplus (deficit)</b>	<b>(188,657)</b>	<b>(313,976)</b>	<b>213,558</b>

**Saulteaux First Nation  
Health**

**Schedule 8 - Consolidated Schedule of Revenue and Expenses and Surplus (Deficit)**

*For the year ended March 31, 2014*

	<b>2014 Budget Note 13</b>	<b>2014 Actual</b>	<b>2013 Actual</b>
<b>Revenue</b>			
First Nations and Inuit Health Branch	1,018,026	1,092,150	1,044,543
Forfeited FNIHB funding	-	(6,491)	(14,513)
Other	3,185	6,632	3,922
	<b>1,021,211</b>	<b>1,092,291</b>	<b>1,033,952</b>
<b>Expenses</b>			
Salaries and benefits	589,414	505,196	589,662
Administration - inter program	107,805	123,328	98,500
Supplies	91,825	95,619	112,545
Contracted services	14,000	78,624	16,690
Training	36,469	60,965	48,985
Travel	87,436	46,522	60,678
Membership assistance	10,000	29,401	7,709
Vehicle	22,000	24,419	16,965
Repairs and maintenance	9,000	17,301	28,406
Utilities	14,900	16,590	18,381
Honouraria	5,000	14,567	8,419
Telephone	12,900	13,699	10,846
Equipment lease	-	3,621	5,052
Fees and registration	1,200	1,036	-
Bank charges and interest	1,200	828	1,052
Advertising	-	231	-
Professional fees	15,000	-	-
Activities	3,282	-	-
Insurance	13,000	10,385	11,859
	<b>1,034,431</b>	<b>1,042,332</b>	<b>1,035,749</b>
<b>Surplus (deficit) before other items</b>	<b>(13,220)</b>	<b>49,959</b>	<b>(1,797)</b>
<b>Other expense</b>			
Loss on disposal of capital assets	-	-	(8,100)
<b>Surplus (deficit)</b>	<b>(13,220)</b>	<b>49,959</b>	<b>(9,897)</b>

# Saulteaux First Nation

## Other Project Revenue

### Schedule 9 - Consolidated Schedule of Revenue and Expenses and Surplus (Deficit)

For the year ended March 31, 2014

	2014 Budget Note 13	2014 Actual	2013 Actual
<b>Revenue</b>			
Canada Mortgage and Housing Corporation	85,327	132,693	123,290
First Nations Trust	474,993	472,984	474,993
Saskatchewan Indian Training Assessment Group	169,879	197,875	112,928
Battlefords Agency Tribal Chiefs	42,700	173,313	128,703
Other	230,999	119,008	64,167
First Nation and Inuit Child Care (FNICC)	126,129	85,698	96,303
Canada Mortgage and Housing Corporation - RRAP	-	-	23,697
	<b>1,130,027</b>	<b>1,181,571</b>	<b>1,024,081</b>
<b>Expenses</b>			
Salaries and benefits	384,144	360,603	389,173
Amortization	-	354,314	368,418
Membership assistance	123,077	207,493	107,450
Supplies	81,203	109,645	131,017
Administration - inter program	105,729	90,309	106,586
Travel	79,850	85,583	67,637
Contracted services	3,764	69,424	171,897
Interest on long-term debt	-	41,042	35,098
Repairs and maintenance	32,286	38,703	10,082
Insurance	103,200	32,291	65,377
Telephone	31,985	29,754	2,741
Tuition	20,000	24,430	-
Activities	10,176	16,289	54,172
Professional fees	6,500	12,004	7,000
Vehicle	10,500	3,760	2,741
Utilities	215	3,454	107
Honouraria	6,025	3,075	32,125
Training	5,350	1,258	5,239
Bank charges and interest	109,242	739	323
	<b>1,113,246</b>	<b>1,484,170</b>	<b>1,556,983</b>
<b>Deficit before other items</b>	<b>16,781</b>	<b>(302,599)</b>	<b>(532,902)</b>
<b>Other income</b>			
Insurance proceeds	-	2,500	3,504
<b>Surplus (deficit)</b>	<b>16,781</b>	<b>(300,099)</b>	<b>(529,398)</b>

**Saulteaux First Nation****Ottawa Trust Funds****Schedule 10 - Consolidated Schedule of Revenue and Expenses and Surplus (Deficit)***For the year ended March 31, 2014*

	<b>2014 Budget Note 13</b>	<b>2014 Actual</b>	<b>2013 Actual</b>
<b>Revenue</b>			
Lease income	-	318,580	255,991
Interest income	-	7,077	4,774
<b>Surplus before transfers</b>	-	325,657	260,765
<b>Transfers between programs</b>	-	(325,657)	(250,000)
<b>Surplus</b>	-	-	10,765

**Saulteaux First Nation**  
**Social Development**

**Schedule 11 - Consolidated Schedule of Revenue and Expenses and Surplus (Deficit)**  
*For the year ended March 31, 2014*

	<b>2014</b> <i>Budget</i> <i>Note 13</i>	<b>2014</b> <i>Actual</i>	<b>2013</b> <i>Actual</i>
<b>Revenue</b>			
Aboriginal Affairs and Northern Development Canada	358,656	-	-
Forfeited AANDC funding	(2,271)	-	(121,415)
Battlefords Agency Tribal Chiefs	65,275	96,666	189,498
Other	11	-	5,055
	<b>421,671</b>	<b>96,666</b>	<b>73,138</b>
<b>Expenses</b>			
Salaries and benefits	96,011	46,919	112,333
Membership assistance	142,808	23,155	55,240
Travel	34,183	7,120	25,024
Administration - inter program	10,000	3,722	18,516
Telephone	350	403	800
Contracted services	2,064	-	100
Activities	1,678	-	-
Supplies	89,349	-	6,820
	<b>376,443</b>	<b>81,319</b>	<b>218,833</b>
<b>Surplus (deficit)</b>	<b>45,228</b>	<b>15,347</b>	<b>(145,695)</b>